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STATUS OF GAS TAX FUNDS

AND THE

PROPOSED PROGRAM OF STREET WORK

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STATUS OF GAS TAX FUNDS
AND THE PROPOSED PROGRAM OF STREET WORK

DECEMBER 23, 1970

INTRODUCTION

In the very early days use of gasoline tax funds in California was restricted primarily to the construction of new roads and the reconstruction of old roads. Funds for maintenance were largely the responsibility of the local jurisdictions. In fact, the original use of gas tax funds was confined to state highways. The law was gradually changed over the years and gas taxes were increased first to allow construction of county roads and major city streets and later to allow increasing amounts to be used for maintenance purposes.

About 1963, under the Collier-Unruh Act, gas taxes were substantially increased, primarily to finance deficiencies in the street systems of cities. Funds were carefully controlled, requiring that certain funds be allocated only for construction or right-of-way acquisition on the select system of major streets to insure minimum road standards and to provide safety. At the same time additional latitude was allowed in using other gas tax funds for maintenance purposes.

The next major revision in gas tax law occurred in 1970 with the passage of the Foran Bill, in which the broadest latitude to date has been given to the cities and counties in the use of gas tax funds. This bill has certain restrictions regarding the use of gas tax funds for maintenance purposes, and in certain cases requires that funds be used for construction on the select system of streets. However, regarding San Francisco, there are now really no restrictions on the use of gas tax funds for street purposes. Gas tax funds may



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be used for construction or for maintenance and operation on any of the City's streets. The Foran Bill now allows for many changes in the method of programming the expenditure of gas tax funds. We have taken advantage of this newly-allowed flexibility in the development of our proposed budgeting and next Capital Improvement Program.

This report, therefore, is made with the purpose of providing background information which should be helpful in establishing policy as to the use of future gas tax revenues.

FUNDING

In considering the funding of our total present and future street work program, there are available two sources of gas tax funds including fines and forfeiture: (1) funds currently available, and (2), funds expected to be derived from future allocations.

In Chart 1 is shown the annual revenue received and the total annual gas tax expenditures for the period of 1961-62 through June 30, 1970. It may be noted that in 1962-63 there was a sudden increase in revenues as a result of the Collier-Unruh Act, and then starting in 1964-65, a leveling off, although still increasing from year to year and showing increases and decreases largely reflecting interest on cash unspent.

Expenditures were somewhat variable but generally increased substantially during this period. Revenues exceeded expenditures, as shown shaded in the chart, resulting in a buildup of \$32.3 M. as of June 30, 1970.

One might well ask the question: "Why wasn't the money spent as fast as it was received?" There are several reasons why this was not possible. Our work program was not geared to mesh with a sudden increase in gas tax funds starting in 1962-63. It was not possible to increase the engineering staff to carry out a greatly expanded program due to a nationwide shortage of engineers until recently. Surveys and studies, normally requiring considerable time, could not be started until funds were available. There were delays in acquisition of property as well as delays due to resolving differences between the State and all cities regarding standards of design. In some cases it was necessary to hold sufficient funds to finance large or long drawn-out projects, such as work in redevelopment areas. And there were delays due to prolonged public hearings and changes in City policy regarding certain projects, such as the O'Shaughnessy Boulevard Widening Project.

On Chart 2 is indicated the classifications of "essential services" that are paid for out of gas tax funds. The percentage distribution for the various purposes vary little from year to year. The largest amount shown is for the functioning of the Bureau of Street Repair, which for 1969-70 was just under \$3.0 M. This Bureau performs patching, sealing and other maintenance work on the streets, and carries out a program of resurfacing an average of 24 miles per year on short sections of our street system, the large resurfacing jobs being done by public contract. The public contract projects are not classified as "essential services" in this report. The operation

of the Division of Traffic Engineering requires approximately \$1.2 M, of which over \$0.8 M is used exclusively for maintenance of signals, signs and pavement markings.

Other maintenance services, City aid to street improvement projects and street tree maintenance bring the total expenditure for "essential services" to \$5.4 M for 1969-70. This total includes Social Security and Retirement Charges.

In Chart 3 is shown the past and estimated future gas tax revenues and past and estimated future expenditures for "essential services."

With regard to future revenues, it is not expected that there will be significant increases in the foreseeable future. In fact with the depletion of our reserves as money is spent for capital improvements the decreasing amount of interest will reduce the annual revenue. Additionally there is the probability that the rate of growth of our population and our motor vehicle registration, will be less than the State-wide growth of registered vehicles. Both of these rates form the basis for gas tax distribution and would result in a further decrease in gas tax revenues to the City.

The future expenditure curve increases at the rate of 9% per year, 7% being for escalation of wages and materials and 2% being for increased units of work performed. This is due to rising labor and material costs, and increased units of work such as increasing number of traffic signals, street lights, and street trees. It will be seen that revenue and expenditure lines cross in 1978-79, indicating that after June 1979

a portion of the "essential services" will have to be financed from other than gas tax at an ever-increasing rate. The shaded area indicates the expected total revenue of \$35.9 M. available for other uses between 1970 and 1979.

Therefore, as shown on Chart 4, left hand column, the total amount of funds available above the cost of "essential services" in the foreseeable future is the \$35.9 M. of future revenue plus the \$32.3 M presently on hand as of June 30, 1970, or a total of \$68.2 M.

Of the \$32.3 M on hand June 30, 1970, \$12.2 M has not been appropriated and \$20.1 M has been appropriated for committed projects most of which projects are tabulated in Appendix A and include such as:

Clay and Washington Street Widening
(Redevelopment Area)
Third Street Bridge Reconstruction
Army Street Traffic Circle and Grade Separation

Many of the projects are tied into the financing of Redevelopment or FACE areas; are of an urgent nature for safety reasons; or, due to the partial completion of a staged project, should not be abandoned in any revision of the work program.

There are also projects committed amounting to \$20.6 M, some of which have been appropriated since June 1970. These projects will be discussed under "Work Program". The total of all "committed" projects therefore amounts to \$40.7 M leaving \$27.5 M available for capital improvements over and above "essential services".

WORK PROGRAM

The work program illustrated in Chart 4, right hand column, is the Approved Six Year Capital Improvement Program submitted to the Board of Supervisors for the period 1970-71 through 1975-76, modified by current submittals now being reviewed by City Planning. This work program totals \$65.4 M.

Items in the 6 year work program are classified for the purposes of this report into seven categories typical projects of which are listed in Appendix B.

1. "CIP Committed" projects

\$8.6 M Total

This group is composed of:

Completion of Army Street Traffic Circle*

Restoration of Market Street*, and

Appropriations approved in the current year (1970-71) many projects of which are under construction or design.

*Scheduled for financing in 1971-72.

2. Work in Federally Assisted Code Enforcement (FACE) and Redevelopment Areas. All committed.

FACE: \$4.0 M.

Redevelopment: \$8.0 M.

Total \$12.0 M

This includes all necessary reconstruction and resurfacing work, street lighting, traffic signals, and landscaping. The expenditures out of gas tax funds are part of the City's share in financing the overall work in the project areas, especially in the FACE areas where street work is the major portion of the City's share of the financing.

The "committed" projects described under categories 1 and 2, above, together with "committed" projects as of June 30, 1970 make a total of \$40.7 M for projects which already have appropriations and will require future appropriation.

3. Street Reconstruction and Resurfacing (By Contract)

\$10.2 M. for 6 yrs. \$1.7 M. per yr.

The streets are resurfaced approximately once in 25 years.

After a street is resurfaced twice it will next generally need to be completely reconstructed. Thus, reconstruction is required at least every 75 years. In recent years only about 3 miles of streets have been reconstructed each year, or less than $\frac{1}{2}\%$ of the City's 840 miles of streets. Over half of the City's streets are now over 50 years old, indicating that the amount of reconstruction work in the future will surely increase.

One reason that streets require reconstruction is that the trench work of the various utility companies fragments and thus weakens the street structure. Utility work in the streets has increased almost 20% during the past 5 years.

Reconstruction of a street costs approximately 10 times as much as resurfacing, and there is no doubt that funds required to maintain the actual street structure in the future will be considerably higher than in the past.

4. Safety Projects .

\$16.5 M for 6 years

Projects include traffic signals and channelization, pedestrian over-crossing or under-crossing structures, slope protection, retaining walls, stairways and railings, and certain sidewalk narrowing jobs for reducing accidents. An example of a major project is the St. Francis Circle Underpass.

San Francisco has the highest number of vehicles per square mile of any city in the world and the number of vehicle trips on the City streets is continuing to increase between 3% and 5% annually.

The BARTD project and improvements in the Municipal Railway system will undoubtedly have an impact on traffic but it is doubtful that their long term effect will significantly reduce the total traffic on the City Streets.

Installation of additional traffic signals and construction of safety-oriented street projects should be continued to stem the tide of the number of fatalities on our streets, which have increased from 85 in 1965 to 109 in 1969.

5. Street Lighting.

\$3.6 M total for 6 years \$0.6 M per year. This is for the installation of City owned street lighting, installed concurrently with the program of undergrounding of overhead utility wiring. It is a continuing program. This program assumes the street lighting improvement, other than undergrounding, will be financed by current bond issue money and a future issue similar to the 1970 Bond Issue that failed to secure a 2/3 vote.

6. Traffic Improvement Projects.

\$11.5 M for 6 years

Projects in this category are intended to remove certain traffic bottlenecks in the street system which cause undue congestion and delay, not only to the drivers of private vehicles but to riders of public transit as well. An example of a major project is the Maritime Parkway.

7. Landscaping and Street Beautification.

\$3.0 M. for 6 years \$0.5 M. per year.

Although maintenance costs will continue to be an ever increasing item of expenditure it is felt that the landscaping program should continue in the interest of City beautification.

For the period between the end of the present six year Capital Improvement program, that is June 1976 and the time that "essential services" exceed the estimated annual revenue, June 1979, additional street projects will undoubtedly have to be carried out. As shown in the right hand column on Chart 4 a total estimated amount \$30.3 M will be required for such capital improvements. Some possible major projects during this period are listed in Appendix C. In addition to major projects, funds are included to provide for on-going work such as safety, reconstruction etc.

In summary therefore there are shown on Chart 4 a work program to June 1979 amounting to a total of \$115.8 M and revenue to the same date over that required for "essential services" in the amount of \$68.2 M.

Since there are \$40.7 M committed for part of the work program the remaining \$27.5 M of potential revenue would be short by \$47.6 M of being able to complete the total work program for the 9 year period. In fact the total potential revenue would be short by \$17.3 M of the amount needed to complete even the existing six year work program. It is apparent that additional means will have to be found to finance the total program.

All of the above is predicated on the basis that there will be no financing of Street Cleaning from gas tax funds.

STREET CLEANING

Since there is now consideration before the Finance Committee of a proposal to finance all street cleaning activities from gas tax funds rather than from ad valorem funds, consideration of this proposal and its effect upon the gas tax total program is in order.

Until 1968-69 street cleaning activities were wholly financed from ad valorem funds. In that year the Board of Supervisors used gas tax funds in the amount of \$1,199,400 for street cleaning to ease the property tax burden. In 1969-70 street cleaning was funded by \$2,079,400 from gas tax funds, and in the present fiscal year \$287,957 of the street cleaning budget is financed from gas tax funds. If the street cleaning operations, which are approximately \$5 M including Social Security and Retirement charges as of July 1, 1971 were entirely financed from gas tax revenues, then "essential services" plus street cleaning would exceed the estimated annual revenue by June 1974 as shown in Chart 5. Under these circumstances \$9.2 M would accumulate from June 1970 to June 1974.

There will be an estimated total of \$68.2 M available for capital improvements through 1978-79. Any amount used for street cleaning purposes will decrease the amount available for the capital improvement program by the same amount.

SUMMARY AND CONCLUSIONS

1. There is a total of \$32.3 M in available gas tax funds as of June 30, 1970, of which \$20.1 M of currently budgeted funds are committed to projects which would be of very serious consequence if not completed. Additionally there are \$20.6 M committed, part of which has been appropriated since June 30, 1970, making a total to date of \$40.7 M committed funds.
2. There remains a shortage of \$8.4 M from future gas tax revenues to meet expenditures for current commitments.
3. Due to the escalating costs of "essential services" and the relatively constant gas tax revenue, the estimated costs of the "essential services" will exceed the estimated gas tax revenue in the year 1978-79. Thereafter, essential services will have to be financed partly from other sources, along with all capital improvements and contract resurfacing projects.

During the 9 year period between 1969-70 and 1978-79 the gas tax revenues will be \$35.9 M more than the cost of "essential services". This amount, less \$8.4 M leaves \$27.5 M which would be available in the 9 year period for capital improvement projects and contract resurfacing and reconstruction work in excess of that "committed".

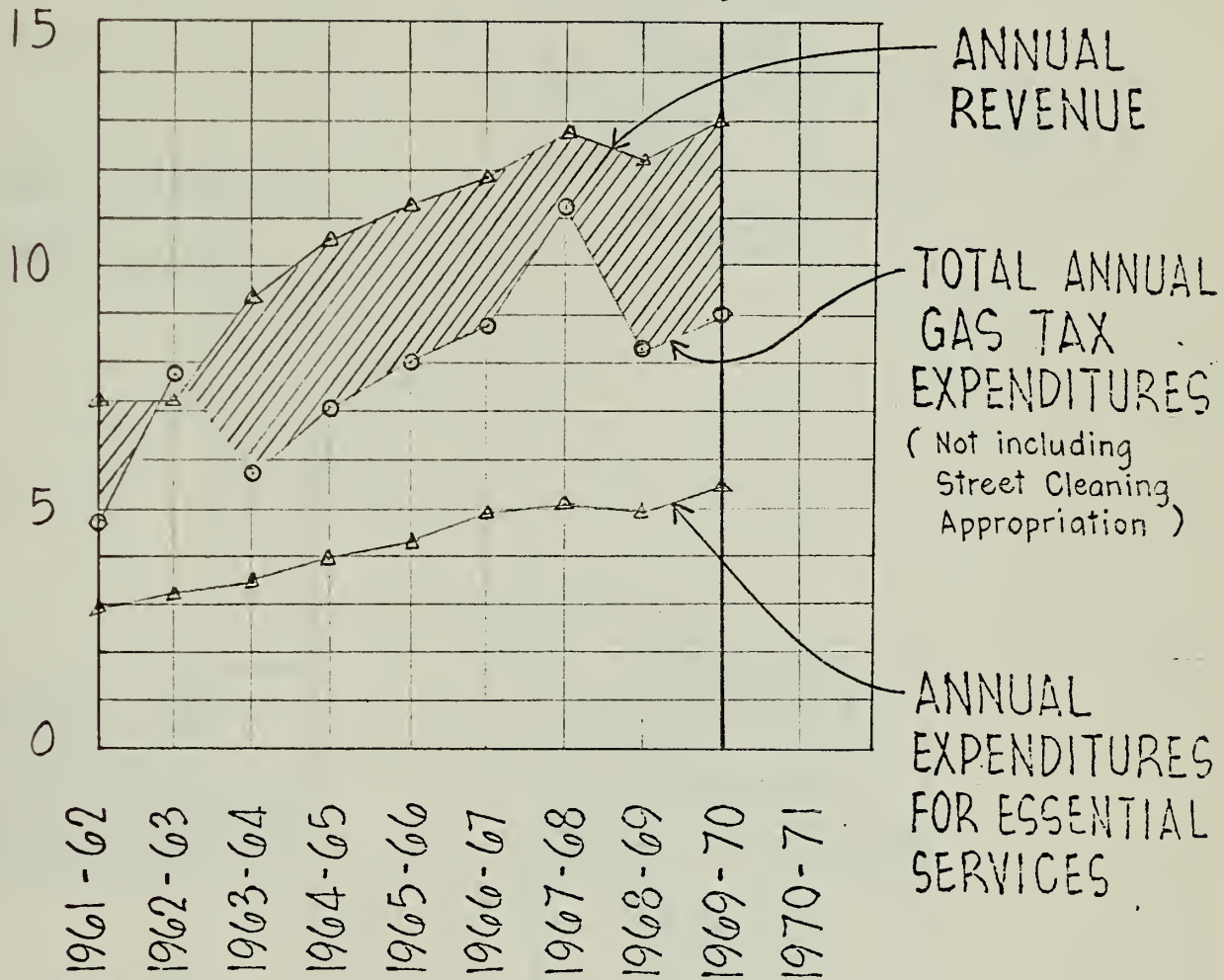
4. The total work program in excess of that "committed" over the 9 year period totals \$75.1 M which is \$47.6 M more than the funds available during the period, which means that the program

will have to be substantially reduced or other means of financing provided.

5. The street system of the City should be maintained in good condition and not allowed to deteriorate for lack of maintenance. Projects for increasing safety on the streets, such as signalizations, channelizations, and improvements in street lighting must continue.
6. Street improvements in the City's Redevelopment areas and Federally Assisted Code Enforcement (FACE) areas are a part of the City's financial commitment to these projects.
7. In order not to jeopardize the City's great investment in its street system and in order to provide a program of necessary improvements in the future, it is recommended that street cleaning not be financed from gas tax funds. Even if no funds are used for street cleaning purposes, the anticipated gas tax revenues will not be sufficient to fund all necessary street work in the future.
8. It is recommended that the City press for changes in State legislation to allocate additional gas tax funds to cities and counties necessary to correct deficiencies in construction and maintenance of their street and road systems. If such efforts are unsuccessful, it will then be necessary to secure additional funds for required work by general obligation bond issues.

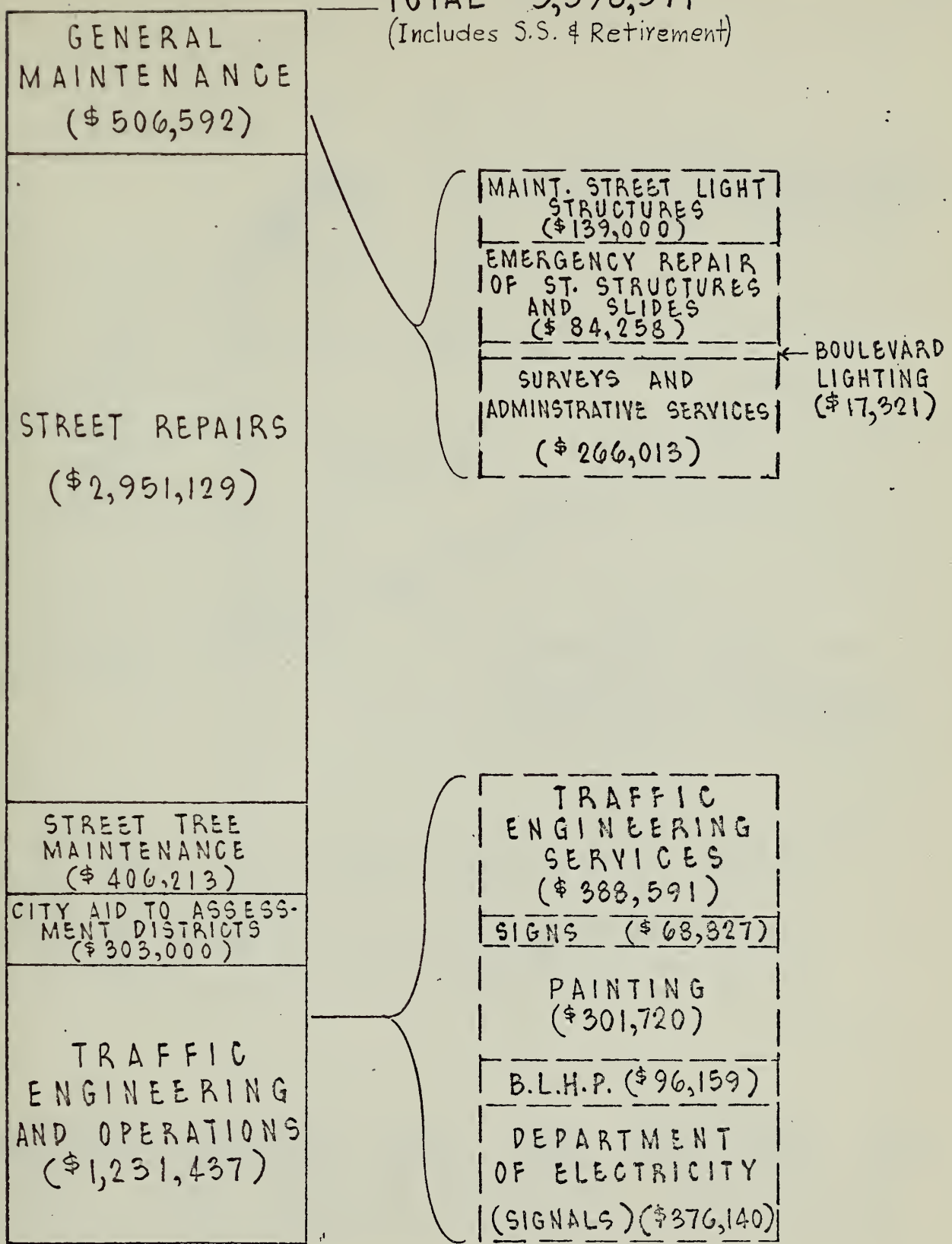
CHART ①

MILLION
DOLLARS

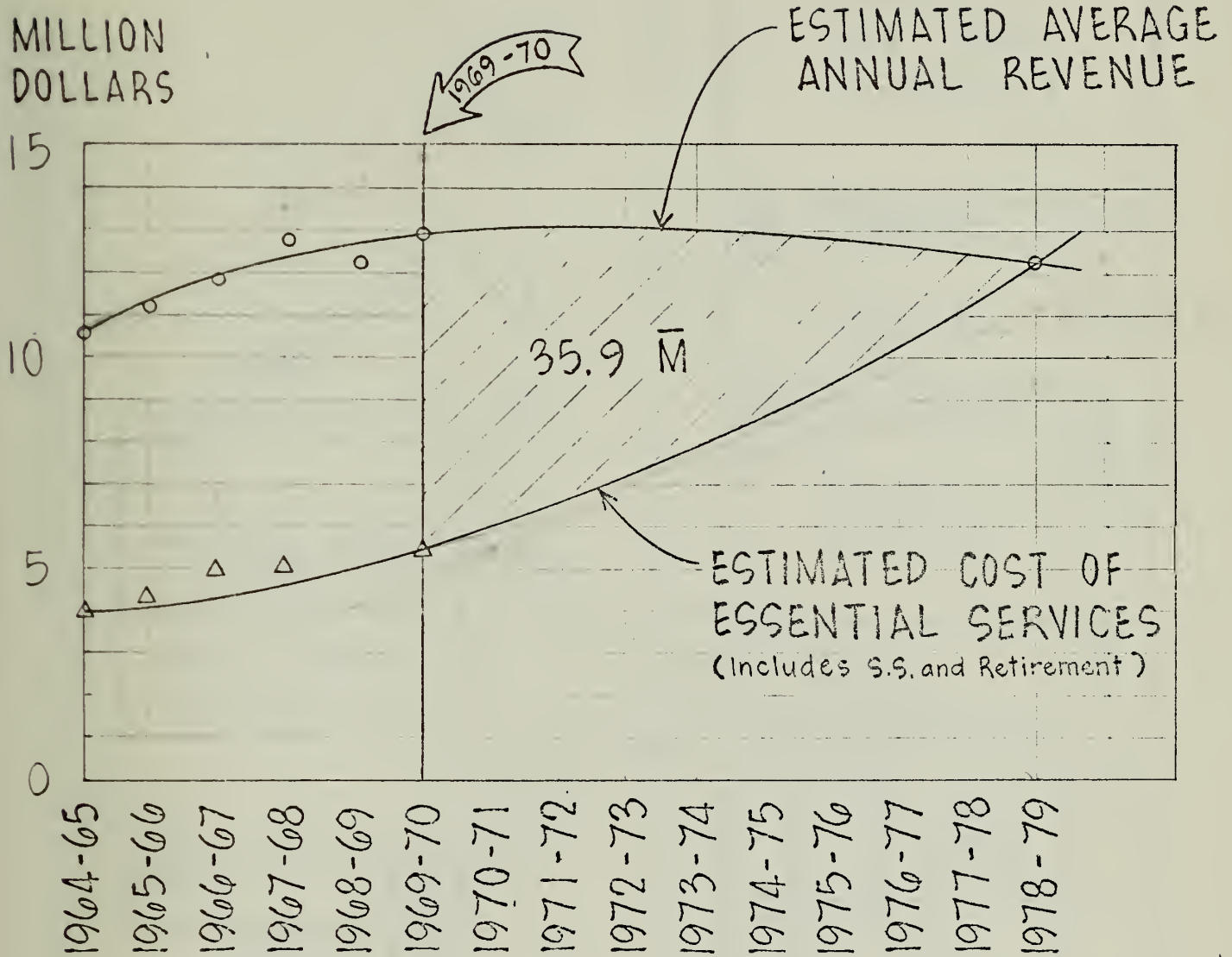


ANNUAL GAS TAX REVENUE AND
ANNUAL TOTAL GAS TAX EXPENDITURES

TOTAL \$5,398,371
(Includes S.S. & Retirement)

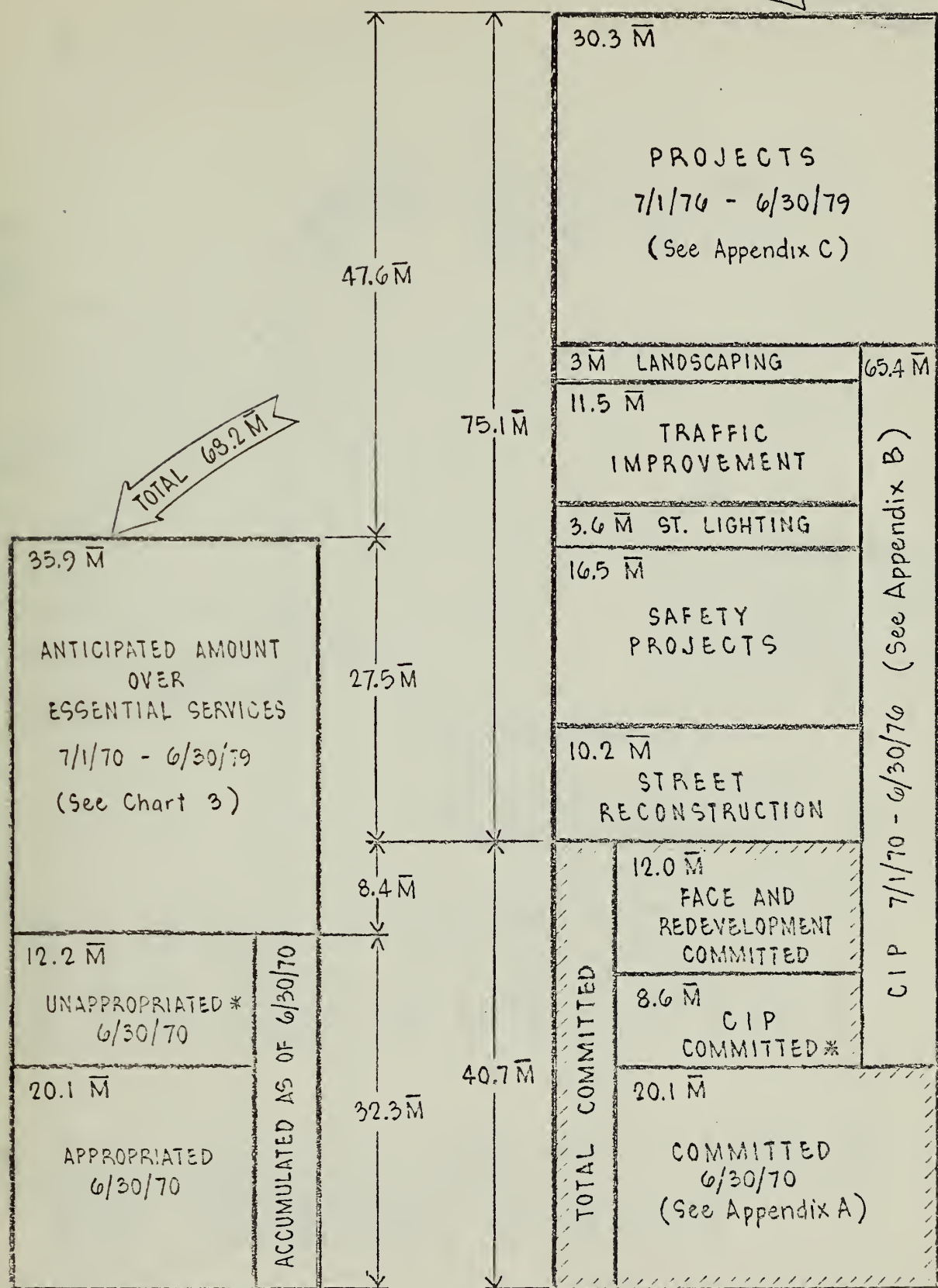


EXPENDITURES FOR
ESSENTIAL SERVICES 1969 - 70



ESTIMATED ANNUAL GAS TAX REVENUE AND
ANNUAL COST OF ESSENTIAL SERVICES

TOTAL 115.8M



* Including Bosworth-O'Shaughnessy Project

* Including Army St. Circle Completion, Market St. Restoration, and 1970-71 Appropriation

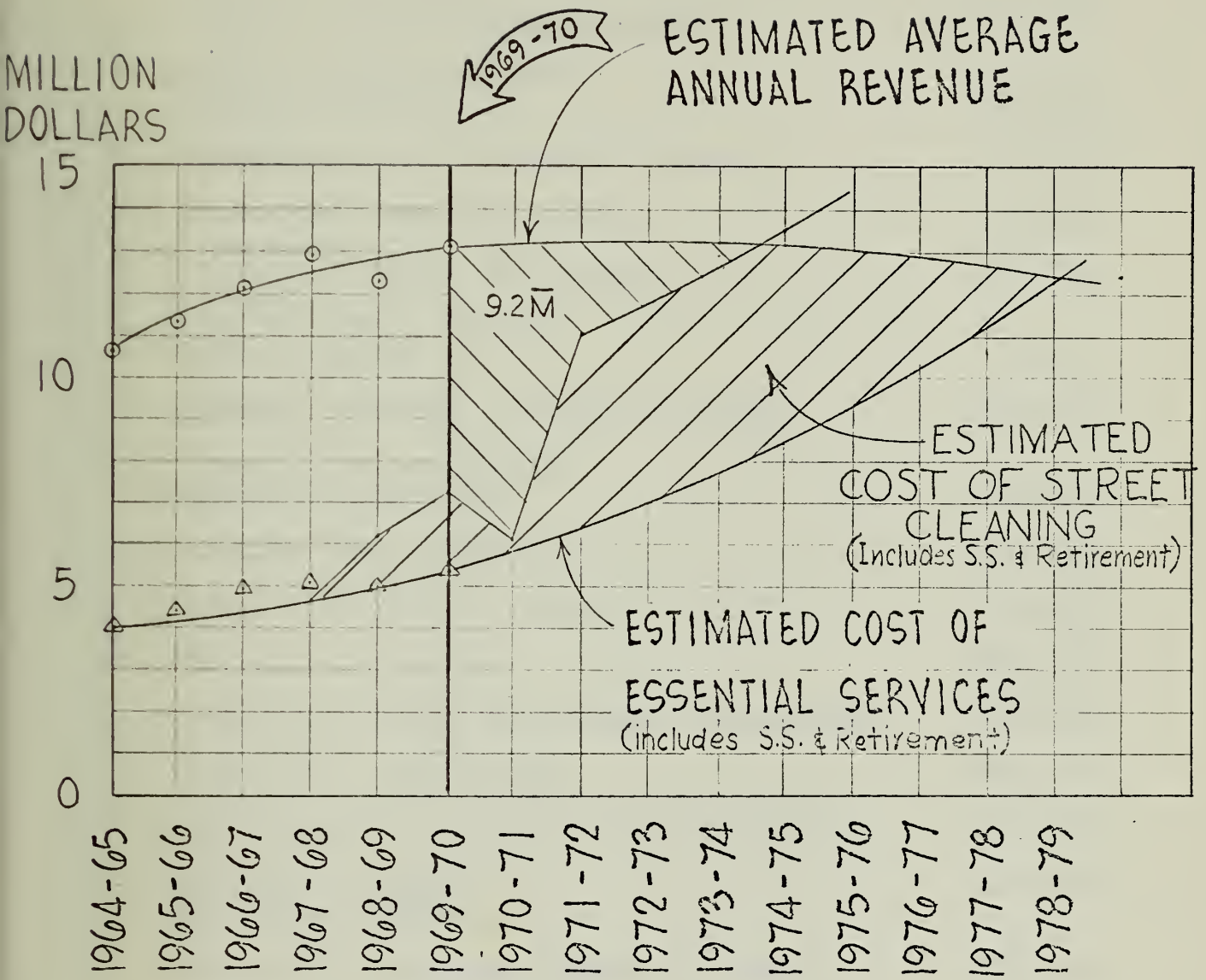
FUNDS OVER

WORK PROGRAM

ESSENTIAL SERVICES

TO 6/30/79

TO 6/30/79



COMBINED COST OF STREET CLEANING AND ESSENTIAL SERVICES



COMMITTED PROJECTS

As of 6/30/70

1. Army St. Circle Rechannelization	\$ 3,519,000
2. Berry St. Reconstruction Delano to 3rd St.	385,000
3. Broadway Tunnel Ventilation Reconst.	51,000
4. Brotherhood Way Landscaping	56,000
5. City Aid - Street Improvement	182,000
6. Clay St. Pav't. Reconst. Jones to Powell	73,000
7. Clay St. Widening - Sansome to Drumm	243,000
8. Crossover Drive Widening North of Lincoln Way	82,000
9. Downtown Area Signals	35,000
10. Drumm St. Widening - Market to Jackson	1,050,000
11. Fifth St. Extension	944,000
12. Fourth St. Bridge Maintenance & Alteration	346,000
13. Fourth St. Overcrossing	852,000
14. Franklin St. & Gough St. Traffic Signals	66,000
15. Fulton St. Signals 6th Ave to 47th Ave.	101,000
16. Geneva Ave. Widening, Alemany to Ocean	104,000
17. Golden Gateway & Jackson Sq. Area Signals	47,000
18. Harney Way Widening - Jamestown to Freeway	238,000
19. Harney Way Pedestrian Overcrossing	89,000
20. Harrison St. Pavement Reconst. - 14th to 360' S of 16th	163,000
21. Highland Ave. Bridge Alterations	192,000
22. Ingerson near Griffith Retaining Wall Stabilization	35,000

23.	Install Street Lighting System - Masonic Ave	88,000
24.	Islais Creek Bridge Locks - Reconstruction	87,000
25.	Jackson, Laguna & Clay Sts. - Pavement Reconstruction	40,000
26.	Kennedy Dr. Opposite La Playa - Underpass Reconstruction	94,000
27.	Lake Merced Blvd & Brotherhood Way - Rechannelization	71,000
28.	Leavenworth St. Widening - Post to California	184,000
29.	Masonic Ave. Landscaping	51,000
30.	Masonic Ave. Widening - Geary to Oak	330,000
31.	Monterey Blvd. Ridgewood to Circular Land- scaping	69,000
32.	Monterey Blvd. Widening Ridgewood to Circular	455,000
33.	Ninth Ave. Reconstruction - Judah to Lawton	96,000
34.	Portola Dr. Pedestrian Overcrossing	116,000
35.	Reconstr. Certain Sts. & Resurface Others, Western Addition & Redev. Area	40,000
36.	Reconstruction Illinois St. & Mariposa St.	32,000
37.	Reconstruction, Widening Streets in E-1 Area	353,000
38.	Redevelopment Area E-1 Street Lighting	185,000
39.	Resurfacing of Bush, Post & Sutter	135,000
40.	Resurf. Select System Streets	37,000
41.	San Jose Ave. Near Richland - Reconst. Wester Slope	121,000
42.	San Jose Ave - Randall to Highland - Western Slope Landscaping	47,000
43.	San Jose Ave. Rechannelization - Highland to Brook	105,000
44.	Seventh St. Extension	329,000

45.	Street Lighting in Underground Districts	1,072,000
46.	Streetside Landscaping - Various St. Locations	123,000
47.	Third St. Bridge Reconstruction	238,000
48.	TV Surveillance for Traffic Control - Downtown Area	58,000
49.	Vallejo, Green & Greenwich - Pavt. Reconst.	49,000
50.	Van Ness Ave. - Market to Bay - Traffic Signals	124,000
51.	Van Ness Ave. Reconst. - Grove to Hayes	38,000
52.	Various Intersections - Modifications & Traffic Signals	50,000
53.	Washington & Clay Widening - Kearny to Sansome	4,011,000
54.	Washington St. Widening - Sansome to Embarcadero	803,000
55.	Webster St. Widening	785,000
56.	Work in Front City Property	105,000
57.	Maintenance and Repair Streets	263,000
58.	51 Miscellaneous Projects with Project Cost Less than \$30,000 Each	433,000
TOTAL		<hr/> \$20,070,000

APPROVED CAPITAL IMPROVEMENT PROGRAM PROJECTS

Modified by Current Submittals

July 1, 1970 to June 30, 1976

(Including Partial List of Typical Projects)

1.	<u>C.I.P. Committed Projects</u> (Includes 1970-71 Appropriations)	<u>\$8.6 M</u>
(a)	Market Street Restoration	\$3,750,000
(b)	Army Street Circle	1,270,000
(c)	Washington and Clay Wid. - Kearny to Sansome	229,400
(d)	Fifth Street Extension	83,200
(e)	Laguna Street Reconstruction - Post to Bush; Golden Gate to Turk	134,000
(f)	Pine St. Sidewalk Narrowing - Hyde to Larkin	52,300
(g)	Streetside Landscaping - Various Select System Locations	159,300
(h)	San Jose Ave. Rechannelization - Highland to Rousseau	143,900
(i)	Judah St. Sidewalk Narrowing - 5th Ave. to La Playa	604,700
(j)	Traffic Signals and Channelizations	96,000
(k)	Modification of Traffic Signals	60,000
(l)	Green St., Sansome to Montgomery Rockfall Barrier and Slope Stabilization	55,500
(m)	Telegraph Hill East Slope - Slide Stabilization Investigation	100,000

2. Federal-Assisted Code Enforcement (FACE)
and Redevelopment Areas - All Committed
(Includes 1970-71 Appropriations)

\$12.0 M

Includes all necessary street work, street lighting, traffic signals, landscaping and other related work.

(a) FACE Areas \$4,000,000

(b) Redevelopment Areas \$8,000,000

3. Street Reconstruction

\$10.2 M

Includes street resurfacing by public contract

\$1,700,000/yr

4. Safety Projects

\$16.5 M

Listed are Typical projects under this category which does not include projects in FACE or Redevelopment areas:

(a) Traffic Signals and Channelization

Northern Waterfront \$ 278,000

Cable Car Routes 223,000

Third Street Signals 108,000

Larkin Street Signals 190,000

Various Locations throughout
the City (\$555,300/yr.) 3,331,800

(b) Pedestrian Overcrossings and Underpasses

Great Highway Ped. Overcrossing 598,000

19th Ave. near Rossmoor Ped.
Overcrossing 202,000

Junipero Serra at Ocean Ped. Over. 201,000

Great Highway Underpasses Rehab. at
Taraval, Judah and Wawona 235,400

(c)	Grade Separation Projects	
	Fourth Street Overcrossing	\$ 193,200
	Geary Boulevard Underpass at Masonic Avenue (May be partly financed by the Federal TOPICS Program)	2,350,000
	St. Francis Circle Underpass	3,250,000
(d)	Slope Protection Projects	
	Typical Projects are:	
	Telegraph Hill Slopes (\$100,000/yr)	600,000
	San Jose Avenue	435,900
	Baker St. near Broadway	27,100
	Molimo Dr. near Teresita	26,000
(e)	Retaining Walls, Stairways and Rails	
	Green St. Wall, Taylor & Jones	51,100
	Greenwich St. Stairway, Hyde and Larkin	56,000
	Vallejo St. Wall, east of Jones	56,000
	Greenwich St. Wall, Hyde and Leavenworth	62,900
	Waller St. Wall, near Broderick	36,400
	Stairway Rails on Fair Ave., Corona Hts., Lyon St., Golden Gate Hts., Douglass St.,	91,500
(f)	Sidewalk Narrowing Projects for Reducing Accidents	
	Grand View Ave., 24th to Clipper	69,900
	Milton St., San Jose to Bosworth	38,800
	Precita Ave., Mission to Coso	51,600
	Beach St., Hyde to Polk	106,700

5. Street Lighting \$3.6 M

In legislated Underground Districts only.
(\$600,000/yr.)

6. Traffic Improvement Projects \$11.5 M

Typical projects are:

Harney Way Widening	\$ 722,000
Key Ave. Extension to Bay View Park	306,500
Various Downtown Alleys, Sidewalk Narrowing	270,000
The Maritime Parkway, Broadway to North Point Street	3,080,000
Portola Drive Underpass at O'Shaughnessy Blvd.	6,012,000

7. Landscaping \$3.0 M

Includes median landscaping, street
trees and irrigation systems.
\$500,000/yr.

TOTAL (July 1, 1970 to June 30, 1976) - \$65.4 M

POSSIBLE MAJOR PROJECTS NEEDED

JULY 1, 1976 TO JUNE 30, 1979

(Complete Listing)

A. Safety Projects

- | | | |
|-----|---|-------------|
| (a) | Mission Street Underpass at Van Ness Ave | \$2,500,000 |
| (b) | Market Street and Castro Street -
Grade Separation | 1,500,000 |

B. Street Reconstruction

None

C. FACE and Redevelopment Areas

None

D. Traffic Improvement Projects

- | | | |
|-----|---|-----------|
| (a) | Masonic Avenue and Turk Street -
Grade Separation | 2,500,000 |
| (b) | Portola Drive at Clipper Street -
Grade Separation | 2,800,000 |

E. Street Lighting

None

F. Landscaping

None

TOTAL (no escalation)	\$9,300,000
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